

FY 2001-02 BUDGET

BUDGET SECTION SUMMARY

Section Title:

SANITATION ZONE - SEA RANCH

A. Program Description

This budget for Sanitation Zone - Sea Ranch (Zone 1) finances administration, operation, and maintenance of the collection system, pumping stations, two treatment plants, and the disposal to the golf course servicing the Sea Ranch area.

B. Financial Summary

Section	GROSS EXPENDITURES			NET COST/USE OF FUND BALANCE		
	FY 00-01 Adopted	FY 01-02 Requested	Percent Change	FY 00-01 Adopted	FY 01-02 Requested	Percent Change
Operations	\$525,040	\$542,000	3.23%	\$237,381	\$252,474	6.36%
Construction	652,000	565,950	(13.20%)	334,500	245,700	(26.55%)
TOTAL:	\$1,177,040	\$1,107,950	(5.87%)	\$571,881	\$498,174	(12.89%)

C. Staffing Summary

No staffing is allocated to this index.

D. Workload Summary

Workload Indicator	FY 99-00 Actual	FY 00-01 Budget Estimate	FY 00-01 Revised Estimate	FY 01-02 Projected	Change from FY 00-01 Budget Estimate
Total ESDs	446	462	467	482	4.33%
Total APNs	837	837	837	836	(0.12%)

E. Summary of Issues and Significant Changes

The rate is increased to \$572 per ESD (an increase of 2.14%) for service charges is necessary to meet operational expenses for the forthcoming year.

The Sea Ranch Sanitation Zone (Sea Ranch SZ) consists of two wastewater collection and treatment systems located in Central and North Sea Ranch. The Central and North Facilities both provide treatment to secondary wastewater treatment standards and are designed to treat average daily dry weather flows of up to 27,000 and 160,000 gallons per day, respectively. Treated wastewater from both facilities is disposed of through irrigation. The Sea Ranch Water Company is under contract to operate and maintain the Sea Ranch SZ facilities for the Agency.

The Sea Ranch Association purchased all of the Sea Ranch Water Company stock in August of 1997. The Sea Ranch Water Company continues to operate as a California Corporation, but has entered into a management agreement with the Association wherein the Association provides supervision, labor, and administrative services to the Sea Ranch Water Company.

E. Summary of Issues and Significant Changes (Continued)

The Agency and the Association continue to investigate options for the continued operation of the Sea Ranch SZ. Options being considered include executing an agreement between the Agency and the Association for the continued operation of the sewer facilities and the transfer of all assets, liabilities, and management responsibilities to the Association.

The FY 01-02 budget request for the construction fund includes \$520,950 to expand the irrigation system at the Central facility and \$45,000 for repair and replacement of portions of the collection systes and/or aged electrical and mechanical equipment.

F. Summary of Reduction Options

No reduction options are proposed.

G. Attachments

- Summary of Revenues and Expenditures
- Character Justification
- Statement of Special Fund Activity

FY 2001-02 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES

Section Title: SANITATION ZONE 1 - SEA RANCH - OPERATIONS
Section/Index No: 678102

Sub-Object No. and Title	Adopted 2000-01	Requested 2001-02	Difference	Percent Change
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REVENUES:

TAXES

1001 Flat Charges - CY	\$251,059	\$264,676	\$13,617	5.42%
1061 Flat Charges - PY	4,000	4,000	0	0.00%
1120 Penalties / Costs on Taxes	600	600	0	0.00%
Subtotal Taxes	\$255,659	\$269,276	\$13,617	5.33%

USE OF MONEY

1700 Interest on Pooled Cash	\$32,000	\$20,250	(\$11,750)	(36.72%)
Subtotal Use of Money	\$32,000	\$20,250	(\$11,750)	(36.72%)

CHARGES FOR SERVICES

3400 Sanitation Services	\$0	\$0	\$0	N/A
Subtotal Charges for Services	\$0	\$0	\$0	N/A

TOTAL REVENUES	\$287,659	\$289,526	\$1,867	0.65%
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EXPENDITURES:

SERVICES AND SUPPLIES

6040 Communications	\$5,000	\$5,000	\$0	0.00%
6180 Maintenance - Bldgs / Imp	50,000	52,000	2,000	4.00%
6262 Lab Supplies	1,000	1,000	0	0.00%
6522 District Services	20,000	20,000	0	0.00%
6540 Contract Services	60,000	70,000	10,000	16.67%
6573 Administration Costs	3,000	3,000	0	0.00%
6610 Legal Services	1,000	1,000	0	0.00%
6630 Audit / Accounting Services	1,040	1,000	(40)	(3.85%)
7212 Chemicals	2,000	2,000	0	0.00%
7217 State Permits / Fees	5,000	5,000	0	0.00%
7320 Utilities	20,000	25,000	5,000	25.00%
Subtotal Services and Supplies	\$168,040	\$185,000	\$16,960	10.09%

OTHER CHARGES

7980 Depreciation	\$45,000	\$45,000	\$0	0.00%
Subtotal Other Charges	\$45,000	\$45,000	\$0	0.00%

SUMMARY OF REVENUES AND EXPENDITURES

Index No.: 678102

Sub-Object No. and Title	Adopted 2000-01	Requested 2001-02	Difference	Percent Change
<u>OTHER FINANCING USES</u>				
8625 OT - W/in Special Dist - BOS	\$300,000	\$300,000	\$0	0.00%
<i>Subtotal Other Financing Uses</i>	\$300,000	\$300,000	\$0	0.00%
<u>APPROPRIATIONS FOR CONT</u>				
9000 Appropriations for Contingencies	\$12,000	\$12,000	\$0	0.00%
<i>Subtotal Approp. for Contin.</i>	\$12,000	\$12,000	\$0	0.00%
TOTAL EXPENDITURES	\$525,040	\$542,000	\$16,960	3.23%
TOTAL NET COST <i>(Expenditures Minus Revenues)</i>	\$237,381	\$252,474	\$15,093	6.36%

FY 2001-02 BUDGET
CHARACTER JUSTIFICATION

Department - Division: Sonoma County Water Agency - Sanitation

Section Title: Sanitation Zone - Sea Ranch - Operations

Character: Taxes

Character No.: 678102-10

1001 Flat Charges - CY

Flat charge revenue from annual service charges is expected to increase from the adopted FY 00-01 budget due to a projected increase in the number of ESDs on the tax roll. The annual rate is recommended to increase to \$572.00. The number of ESDs charged on the tax roll is expected to increase from 467 budgeted in FY 00-01 to 482 for FY 01-02.

ESDs times annual rate:	482 x \$572	\$275,704
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Less Estimated Delinquency Factor:	4%	(11,028)
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		\$264,676

1061 Flat Charges - PY

This item records the estimated delinquent amount of prior years sewer service charges.

1120 Penalties / Costs on Taxes

This item records penalties paid on delinquent sewer service charges.

Character Title: Use of Money

Character No.: 678102-17

1700 Interest on Pooled Cash

This account records interest on pooled cash held for the Zone by the County Treasurer's office. Estimated interest is projected based on cash on hand and current interest rate trends.

Estimated Average Cash Balance	\$450,000
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Projected Interest Rate	4.50%
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Projected/Planned Interest on Pooled Cash	\$20,250
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Character Title: Charges for Service

Character No.: 678102-30

3400 Sanitation Services

This account is used to record annual sewer service charges for entities that are invoiced, rather than collected as flat charges on the tax roll, and for new hook-ups as they occur during the year. The Sanitation Rate Ordinance requires that charges be collected at the time permits are issued. The properties are then added to the tax roll master listing and collected through sub-object 1001, Flat Charges, in the following year.

The budget request for the forthcoming fiscal year assumes no revenue in this account. Newhook-ups in this area are unpredictable.

FY 2001-02 BUDGET
CHARACTER JUSTIFICATION

Department - Division: Sonoma County Water Agency - Sanitation

Section Title: Sanitation Zone - Sea Ranch - Operations

Character: Services and Supplies

Character No.: 678102-60

6040 Communications

This account records expenses paid by the Zone for outside communication services such as Pacific Bell and AT&T, as well as for the cost of alarm services provided by Honeywell.

6180 Maintenance - Bldgs / Impr

This account records the cost of parts and materials required to maintain the treatment plant and collection system. Actual expenditures in this account are expected to increase slightly in the current fiscal year. [Requirements are expected to include (but are not limited to): chlorine scales, repair of wood stairs and raising of the lift station.] The proposed budget increase to \$52,000, reflects the new level of spending anticipated for the next fiscal year.

6262 Lab Supplies

This account records the cost of lab supplies required for testing and monitoring wastewater.

6522 District Services

This account records the cost of Agency labor and overhead associated with the operation, maintenance, and administration of the Zone's facilities and equipment, as well as other related service and supply items. The budget request for the forthcoming year is lower than the amount budgeted in the current year. We anticipate the need for continued groundwater monitoring, collection system inflow and infiltration investigation, system improvement planning, and general oversight of operations.

6540 Contract Services

This account reflects the contract costs for the Sea Ranch Water Company to operate both the North and Central treatment plants. The request is reduced from the current year budget.

6573 Administration Costs

This account represents the 1% administration fee assessed by the County for processing collection of flat charges on the tax roll.

6610 Legal Services

This item is requested to provide funds for the estimated cost of legal services to be provided by County Counsel, or outside legal services, as required.

6630 Audit / Accounting Services

This item represents the direct allocation of Auditor-Controller Fiscal Services staff costs for time expected to be spent on the Zone's accounting.

FY 2001-02 BUDGET
CHARACTER JUSTIFICATION

Department - Division: Sonoma County Water Agency - Sanitation

Section Title: Sanitation Zone - Sea Ranch - Operations

Character: Services and Supplies (continued) **Character No.:** 678102-60

7212 Chemicals

This account records the cost of chemicals required for operation of the treatment plant. The requested amount is considered necessary to meet the discharge requirements of the Zone's NPDES permit, as required by the State Water Quality Control Board.

7217 State Permits / Fees

This account records the cost of District permits related to NPDES, as mandated by the Regional Water Quality Control Board.

7320 Utilities

This account records the cost of payments made for utilities such as gas, electricity, and water. The request is increased from the current year budget due to anticipated higher gas and electric rates..

Character: Other Charges **Character No.:** 678102-75

7980 Depreciation

Generally accepted accounting principles require that depreciation be expensed each year.

Character: Other Financing Uses **Character No.:** 678102-86

8625 OT - W/in Special Dist - BOS

This account reflects the transfer of cash from the operations fund to the construction fund to finance the capital replacement program. If the operations fund does not have sufficient cash available to finance planned capital projects, the transfer will not be made and any uncompleted projects will be rescheduled and rebudgeted in the next fiscal year.

Character: Appropriations for Contingencies **Character No.:** 678102-90

9000 Appropriations for Contingencies

This account provides funding for unanticipated expenditures or revenue shortfalls.

FY 2001-02 BUDGET

STATEMENT OF SPECIAL FUND ACTIVITY

Department: Sonoma County Water Agency - Sanitation

Section: Sanitation Zone - Sea Ranch - Operations

Index No.: 678102

DESCRIPTION OF FUND ACTIVITY	Actual FY 99-00	Estimated FY 00-01	Requested FY 01-02
Undesignated/Unreserved <u>BEGINNING</u> Fund Balance			
Available for Budgeting (See Detailed Components Below)	\$735,719	\$581,334	\$409,993
Annual Revenues and Expenditures:			
Revenues - Increase fund balance	301,655	290,159	289,526
Expenditures - (Decrease) fund balance	(492,446)	(506,500)	(542,000)
Net Surplus or Deficit - Increase/(Decrease) to fund balance	(190,791)	(216,341)	(252,474)
Adjustments to Reserves/Encumbrances:			
Change in Encumbrance	0		
7980 - Depreciation	36,404	45,000	45,000
8090 - Loss on Fixed Assets	0	0	0
Net Adjustment - Increase/(Decrease) to Fund Balance	36,404	45,000	45,000
Undesignated/Unreserved <u>ENDING</u> Fund Balance			
Available for Budgeting	\$581,332	\$409,993	\$202,519
Total Increase/(Decrease) in Fund Balance for Fiscal Year <i>(Difference between Beginning and Ending Balance)</i>	(\$154,387)	(\$171,341)	(\$207,474)
<u>Fund Balance Components at Beginning of FY</u>	7/1/99	7/1/00	
Cash	\$737,623	\$586,639	
Accounts Receivable	6,372	6,602	
Prepaid Expense	0	0	
Accounts Payable	(8,276)	(11,907)	
Encumbrances	0	0	
Total Beginning Fund Balance	\$735,719	\$581,334	

FY 2001-02 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES

Section Title: SANITATION ZONE 1 - SEA RANCH - CONSTRUCTION
Section/Index No: 678300

Sub-Object No. and Title	Adopted 2000-01	Requested 2001-02	Difference	Percent Change
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REVENUES:

USE OF MONEY

1700 Interest on Pooled Cash	\$17,500	\$20,250	\$2,750	15.71%
Subtotal Use of Money	\$17,500	\$20,250	\$2,750	15.71%

OTHER FINANCING SOURCES

4625 OT - W/in Special Dist - BOS	\$300,000	\$300,000	\$0	0.00%
Subtotal Other Financing Sources	\$300,000	\$300,000	\$0	0.00%

TOTAL REVENUES	\$317,500	\$320,250	\$2,750	0.87%
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EXPENDITURES:

FIXED ASSETS

8510 Buildings / Improvements	\$607,000	\$520,950	(\$86,050)	(14.18%)
9142 Capital Replacement Program	45,000	45,000	0	0.00%
Subtotal Fixed Assets	\$652,000	\$565,950	(\$86,050)	(13.20%)

TOTAL EXPENDITURES	\$652,000	\$565,950	(\$86,050)	(13.20%)
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TOTAL NET COST (Expenditures Minus Revenues)	\$334,500	\$245,700	(\$88,800)	(26.55%)
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FY 2001-02 BUDGET
CHARACTER JUSTIFICATION

Department - Division: Sonoma County Water Agency - Sanitation

Section Title: Sanitation Zone - Sea Ranch - Construction

Character: Use of Money

Character No.: 678300-17

1700 Interest on Pooled Cash

This account records interest on pooled cash held for the Zone by the County Treasurer's office. Estimated interest is projected based on cash on hand and current interest rate trends.

Estimated Average Cash Balance	\$450,000
Projected Interest Rate	4.50%
Projected/Planned Interest on Pooled Cash	<u>\$20,250</u>

Character Title: Other Financing Sources

Character No.: 678300-46

4625 OT - W/in Special Dist - BOS

This account reflects the transfer of cash from the operations fund to the construction fund to finance the capital replacement program. If the operations fund does not have sufficient cash available to finance planned capital projects, the transfer will not be made and any uncompleted projects will be rescheduled and rebudgeted in the next fiscal year.

Character: Fixed Assets

Character No.: 678300-85

8510 Buildings / Improvements

This account is used for expenses associated with facility upgrades or expansion of the collection system, lift station, and capacity at the Sea Ranch wastewater treatment facilities. The requested FY 01-02 budget is intended to finance one project. The project consists of environmental, engineering design, and construction work for expansion of the irrigation system at the Central Facility. The planned FY 01-02 activity will be funded through existing fund balance and an operating transfer from the operations fund.

9142 Capital Replacement Program

This account reflects expenses associated with repair and replacement of the sewer collection system. Long-term replacement of existing facilities that are worn out and in disrepair will help to bring the facilities up to current sanitation standards and will extend the life of the sanitation infrastructure.

The amount requested for the forthcoming year is intended to be used for: 1) Sewer Trunk Line Replacement (including repair and/or replacement of portions of the main trunk system using a combination of complete replacement and liner technology); and 2) Replacement of Electrical and Mechanical Equipment (including the replacement of items most likely to reduce operation and maintenance costs). The present electrical equipment is nearly 20 years old so finding replacement parts is difficult and expensive. The mechanical equipment is worn out due to age and the corrosive environment at Sea Ranch.

FY 2001-02 BUDGET
STATEMENT OF SPECIAL FUND ACTIVITY

Department: Sonoma County Water Agency - Sanitation
Section: Sanitation Zone - Sea Ranch - Construction
Index No.: 678300

DESCRIPTION OF FUND ACTIVITY	Actual FY 99-00	Estimated FY 00-01	Requested FY 01-02
Undesignated/Unreserved <u>BEGINNING</u> Fund Balance Available for Budgeting (See Detailed Components Below)	\$332,967	\$627,639	\$772,639
Annual Revenues and Expenditures:			
Revenues - Increase fund balance	323,838	325,000	320,250
Expenditures - (Decrease) fund balance	(29,166)	(180,000)	(565,950)
Net Surplus or Deficit - Increase/(Decrease) to fund balance	294,672	145,000	(245,700)
Adjustments to Reserves/Encumbrances:			
No Adjustments Required			
Net Adjustment - Increase/(Decrease) to Fund Balance	0	0	0
Undesignated/Unreserved <u>ENDING</u> Fund Balance Available for Budgeting	\$627,639	\$772,639	\$526,939
Total Increase/(Decrease) in Fund Balance for Fiscal Year (Difference between Beginning and Ending Balance)	\$294,672	\$145,000	(\$245,700)
<u>Fund Balance Components at Beginning of FY</u>	7/1/99	7/1/00	
Cash	\$332,967	\$627,639	
Total Beginning Fund Balance	\$332,967	\$627,639	